

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

**Berwin J. Schoppe,**  
Appellant,

**v.**

**Marshall County Board of Review,**  
Appellee.

**ORDER**

**Docket No. 13-64-0370**  
**Parcel No. 05-33-100-001**

On March 12, 2014, the above-captioned appeal came on for hearing before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. Appellant Berwin J. Schoppe was self-represented. County Assessor Craig Madill represented the Board of Review. The Appeal Board, having reviewed the record, heard the testimony, and being fully advised, finds:

***Findings of Fact***

Berwin J. Schoppe is the owner of a residentially classified property located at 2110 Canfield Avenue, State Center, Iowa. The property is a two-story home built in 1920 with 2594 square feet of total living area. The property has an 896-square-foot, unfinished basement and a 312-square-foot, concrete patio. There is also a detached garage and four outbuildings. The record indicates two of the outbuildings, a 960-square-foot poultry house and a 1200-square-foot utility building, have nominal value. The remaining two buildings include a 5049-square-foot steel utility building built in 1994 and a 4050-square-foot steel utility building built in 1975. The site is 5.58 acres.

Schoppe protested to the Board of Review regarding the 2013 assessment of \$171,740, allocated as \$26,400 in land value and \$145,340 in improvement value. The subject has 2.49 acres in a forest and fruit tree reserve, which results in an adjusted total taxable value of \$168,649. Schoppe claimed the property was assessed for more than the value authorized by law under Iowa Code section

441.37(1)(a)(2), and asserted the correct total value was \$128,000. The Board of Review reduced the total assessment to \$163,290, allocated as \$26,400 in land value and \$136,890 in improvement value. The adjusted total taxable value after the forest and fruit tree reserve exemption is \$160,199.

Schoppe then appealed to this Board re-asserting his claim.

Schoppe submitted an appraisal completed by M. Douglas Swenson of Swenson Appraisal Services, Marshalltown, Iowa. The appraisal values the property at \$128,000 as of May 16, 2012. Swenson developed the sales comparison approach and included four properties for comparison. The comparable properties sold between November 2011 and March 2012 and are between sixteen and twenty-two miles from the subject. All of the properties have smaller gross living areas but are superior in condition to the subject property. Swenson notes the property has some deferred maintenance including an older roof. After adjusting the sales for differences, Swenson concludes a range of value of \$120,000 to \$146,500, and reconciled to \$128,000.

Schoppe asserts that because the appraisal was for financing purposes it establishes the market value. He believes a property cannot be worth more than a bank is willing to lend for it.

County Assessor Craig Madill testified for the Board of Review. Madill asserts Swenson's appraisal does not reflect the market value of the subject property and submitted five adjusted sales to support his opinion. Two of Madill's sales occurred in 2013, and he indicated they were included to demonstrate no measurable changes in values from 2012 to 2013. Madill's other comparables sold between April and December 2012, and ranged in price from \$85,000 to \$220,000. Madill adjusted the sales for some differences including gross living area (GLA), garage size, and outbuildings, but not for age as he believed all the properties offer similar overall age and appeal. The adjusted values ranged from roughly \$140,000 to \$218,000.

Madill is critical Swenson's appraisal. Madill does not believe the adjustments are reflective of market value. As an example, he noted Swenson made a GLA adjustment of only \$5 per-square-foot.

Some of the sales Swenson relied on were roughly 1000 square feet smaller than the subject property, yet only have a \$5000 adjustment for this difference. Madill made an adjustment of \$45 per-square-foot for GLA. He testified he determined this adjustment based on the unadjusted price-per-square-foot of his five sales, which he asserts ranged from \$22.90 to \$82.16. Further, he stated three of the sales had a price per square foot between roughly \$42 and \$49. However, we note the actual price-per-square-foot of Madill's comparable sales indicates a range of \$41.46 to \$99.64, with a median of \$61.38. While, we believe Swenson's \$5 per-square-foot adjustment is abnormally low and Swenson provide no explanation, we note Madill's analysis on a price-per-square-foot basis includes the land and the outbuildings as well as the dwelling, and therefore, may be artificially high.

Madill was also critical of the \$15,000 contributory value Swenson assigned to the outbuildings. On a per-square-foot basis this value would only equate to \$1.65 per square foot. Thus, it appears that Swenson may have only considered the two newer and larger steel utility buildings as adding value to the property. In any event, this per-square-foot value would be abnormally low for the buildings. Madill, however, asserts the two buildings have more contributory value than that determined by Swenson. He based his opinion on the analysis and extraction of sales and determined the utility building built in 1994 has a market value between \$6.50 and \$11 per-square-foot. He adjusted this building at \$5 per-square-foot or \$25,245. Considering the steel building built in 1975, he adjusted it at \$3 per-square-foot or \$12,150, which he believes also considers its age. Madill further believes that appraisals completed for mortgage lending purposes on rural residential properties may require limited valuation be given to the outbuildings. Madill testified based on his conversations with other appraisers is that if outbuildings are attributed too much value, it can affect the ability to secure a loan.

### *Conclusion of Law*

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin Cnty. Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). In interpreting this provision, the Iowa Supreme Court has stated that while the sales price of a property may be evidence of its market value, the sales price *alone* is not determinative of the market value. *Riley v. Iowa City Bd. of Review*, 549 N.W.2d 289 (Iowa 1996). Rather, the subject property's sales price in a normal transaction is a matter to be considered in arriving at market value but does not *conclusively* establish the subject's market value. *Id.* at 290. However, foreclosures and lender sales are not considered normal transactions and require adjustments to be used as comparable sales. § 441.21(1)(b). If sales are not available to determine market value then "other factors," such as


income and/or cost, may be considered. § 441.21(2). The property's assessed value shall be one hundred percent of its actual value. § 441.21(1)(a).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

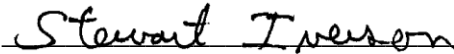
Schoppe submitted the Swenson appraisal, which concludes a value of \$128,000 for the subject property in May 2012. The Board of Review was critical of some of Swenson's adjustments, and we agree with these criticisms. The three 2012 sales the Board of Review submitted are more recent than those used in Swenson's appraisal. Moreover, as previously noted, Swenson's GLA and outbuilding adjustments appear to be abnormally low and the appraisal contains no explanation of how the adjustments were determined. For these reasons, we cannot rely on the appraisal as a reasonable indicator of value for the subject property as of the assessment date. We note, however, that the Board of Review does not appear to consider the condition of the subject's improvements and the deferred maintenance noted by Swenson. For this reason, we urge the Board to consider re-inspecting the property to ensure the condition rating of the subject is listed accurately for assessment purposes. Based on the record as a whole, we find Schoppe has failed to show the subject property is over assessed.

THE APPEAL BOARD ORDERS the 2013 assessment of Berwin J. Schoppe's property located at 2110 Canfield Avenue, State Center, Iowa is affirmed.

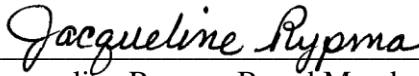
Dated this 27th day of March 2014.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair



Jacqueline Rypma, Board Member

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